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ABSTRACT

This report examines selected public sector direct job creation schemes that were in operation in 1977-1978 in Canada, Denmark, Norway, the United Kingdom, and the United States. Based on responses to a questionnaire and discussions with officials in the five countries, the information presented in the report is not intended to evaluate any one program but rather simply to show the results of a series of different job creation programs and later to develop some of the implications of these results. Following descriptions of major programs in each of the countries, the various existing program types and their common characteristics are outlined. Presented next are data pertaining to the following areas: number and types of jobs created; characteristics of participants (employment status, sex, age, educational attainment, economic status); targeting success; transition and postprogram experience; attitudes and satisfaction; wages; net costs; net job creation/displacement; start-up and phase-out; value of output; and financing of programs. In a section on the implications of the findings, the multiple objectives, employment impact, and inflationary impact of direct job creation are explored. Mentioned next are some considerations relating to future policy development, including program design, funding, training, transition, and community dependence on programs. (MN)

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DIRECT JOB CREATION IN THE PUBLIC SECTOR

Evaluation of National Experience in Canada
Denmark, Norway, United Kingdom, United States

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INTRODUCTION

This study, representing an examination of selected public sector direct job creation schemes, is based primarily on material returned to the Secretariat in response to a special questionnaire, plus discussions with officials in five countries: Canada, Denmark, Norway, United Kingdom and the United States. In addition, other written material is employed when this provides information additional to that provided by the questionnaire. *

The purpose of this examination is primarily informational: who gets public sector jobs, what type of work is performed, how many net jobs are created, what are the net costs, what happens to participants after their programme involvement, how fast is the employment build-up, is the work satisfying? etc. The intent, therefore, has not been to evaluate any one programme and assess its effectiveness, but rather simply to show the results of a series of different direct job creation programmes, and later to develop some of the implications of these results. Moreover it should not be inferred that the country programme(s) examined constitute that country's total job creation effort, or that they necessarily represent the most up to date programme designs within any of the countries. Some countries have already altered the designs described in this report. The present study examines those programmes that were, for the most part, in operation during the 1977-1978 period.

Governments can through a variety of methods stimulate employment. They regularly provide, and can, therefore, increase employment through their role as a regulatory body and as an economic agent responsible for providing certain goods and services to the public. They can do it through deficit financing or through stimulative monetary policies. But what distinguishes direct job creation schemes - under examination here - from other employment creation schemes? Direct schemes involve the granting of public funds (usually central) to public or private non-profit employers primarily for the purpose of providing employment; and restrictions are placed on eligibility and quite often other employment conditions. In general, one could also add that

* The work performed for, and the report on direct job creation programmes completed by the EEC has been of distinct value.

involvement is temporary, and even where the programme itself is more or less permanent, either the projects sponsored, or an individual's eligibility within the programme is of fixed duration. One excludes from this definition temporary employment subsidies to the enterprise sector; this type of evaluation has also previously already been done by the Secretariat.

It should be noted that in the text the terms "direct job creation" and "public sector job creation" have been used synonymously.

I

THE NATIONAL SCHEMES UNDER REVIEW

1. PROGRAMME DESCRIPTION

CANADA

Three distinct programmes have been evaluated - Canada Works (the successor to the Local Initiatives Program - LIP); Young Canada Works; and the Local Employment Assistance Program (LEAP).

The Canada Works (CW) Program replaces the former LIP programme and modifies it somewhat. CW is a community initiative employment programme which provides direct employment through groups at the local level. Projects proposed by community groups and organisations can be funded provided that they meet the appropriate criteria established to ensure that projects: create new incremental jobs designed to maintain or increase the skills of participants; provide worthwhile services or facilities that do not duplicate or compete with existing community services or facilities; will not create a dependency after Canada Works funding ceases; and are of a non-profit nature. Municipalities and other tax-supported groups are eligible to sponsor projects but must establish that the proposed activities will be in addition to their normal ongoing activities and responsibilities. Projects should be of a labour intensive nature with the maximum impact coinciding with the peak period of unemployment.

Canada Works is aimed at the alleviation of cyclical, seasonal and regional unemployment, and is considered a 'permanent' programme until at least 1981/82. Funding is proportioned by federal electoral constituencies (264 in 1979) with each constituency receiving a fixed minimum dollar amount. The programme is not targeted to any specific group, but hiring must be from among the unemployed and through the federal government's employment centres. Projects can be funded for up to a period of 52 weeks with a project ceiling (1978) of \$15,000 a month. Employees' wages cannot exceed an average of 15 per cent more than the relevant provincial minimum wage, nor can the project manager's wage exceed that figure by more than 50 per cent.

Young Canada Works (YCW) is the successor to the Opportunities for Youth (OFY) programme begun in 1971. It is quite similar in most respects to Canada Works, the major difference being that it is restricted primarily to students, and it is operated as a seasonal summer programme. YCW, which began in 1977, allows established organisations to sponsor projects meeting the following objectives: reducing student summer unemployment in the areas of highest unemployment; providing useful, marketable and career-oriented work experience for students, contributing directly or indirectly to the economic, environmental, social or cultural benefit of Canadian communities.

Projects can operate for up to 18 weeks and referrals to projects must be made through Canada Employment Centres or the Employment Centres for Students. Funds are allocated to federal electoral constituencies on the basis of local youth unemployment rates and the programme contributes to salaries of participants on the provincial minimum wage rate (plus 30 per cent for project managers) and up to \$30 per person per week for other project costs.

The Local Employment Assistance Program (LEAP) is a permanent programme begun in 1972 whose primary objective is to increase the self-sufficiency of workers who are unable to compete for regular employment and are chronically unemployed due to personal disadvantage or to structural deficiencies in the labour market. LEAP operates either by providing participants with the skills necessary to obtain jobs in the labour market or by establishing small businesses to employ them permanently. Funds are allocated by regions according to the numbers of disadvantaged persons in each province. Priorities for projects are established each year and for 1979 target groups include: natives, youth, women, physically or mentally handicapped, welfare recipients and ex-prisoners.

Projects are financed on the basis of a contract between Canada and the project sponsor. Projects can be developed at any time during the year and be funded for a maximum of 3 years preceded by a 12 month developmental phase. Funds are intended to contribute to wages, overheads and capital costs with separate ceilings for each category and an overall total not to exceed \$250,000 for any one project per year or \$850,000 in its total approved lifetime.

In conclusion, a series of job creation programmes designed initially for seasonal and structural purposes has now become a fairly important piece of the Canadian employment strategy in order to combat generally high and persistent levels of unemployment. As short-term projects, these job-creation efforts - particularly Canada Works - have slowly been evolving away from providing aid to disadvantaged individuals on a temporary basis and towards longer-term economic objectives that will hopefully provide permanent, self-sustaining employment opportunities. Recently a component, the "Economic Growth Component",

has been added to the Canada Works programme with the objective of creating permanent private sector jobs, preferably in areas of highest unemployment, such as those where agriculture predominates. The scheme enables federal departments to test the success of new national programmes in addition to carrying out site-specific projects within each region. Demands on funds for this new scheme were extremely high in 1979/80 financial year - over four times the budget of \$20 million for the year and it is expected that employment will be created for about 5,140 persons at an average cost of \$3,888 per job.

DENMARK

The main creation programme is Public Employment Works (PEW) instituted in 1971 primarily to improve the skills of unemployed persons who were slightly disabled in some way, but unable to qualify for social assistance. The programme was greatly expanded in fiscal year 1974/75 when unemployment jumped from 2.5 per cent to 7.5 per cent. Today the programme is generally open to all unemployed, and recently there has been an emphasis on youth applicants (there is a separate wage subsidy programme now for the long-term unemployed).

National, regional and local government authorities are the sponsors under PEW, and in exceptional circumstances private groups or organisations may operate projects under the sponsorship of a local government administration. Participants are recruited from the unemployed through local labour exchanges, and project approval must be gained from the appropriate tri-partite regional labour market board (there are fourteen). Wages paid are generally those stipulated by collective agreement for any given type of work. In turn, the state government and its agencies receive a subsidy equal to 120 per cent of gross wage costs, while all other sponsors receive only 80 per cent of gross wage costs. An individual worker can remain in the scheme for 26 weeks in any 12 month period. A varied mixture of work activity has been performed within the PEW scheme - construction, clerical tasks, recycling, and home aid for the aged. While no recognized training is offered under the scheme, the work is supposed to provide improved employability chances for the participants. Finally, sponsors must demonstrate that the work being performed would not have been undertaken without the subsidy.

The other job creation programme under review here is Employment Projects for Young People (EPY) instituted in 1977. This scheme draws its support from funds made available to local and county authorities for purposes of creating employment opportunities. Most of the rules applying to PEW are in operation here as well, except that the labour market boards have no control over project authorisation and a stronger training and career development effort is made, i.e. projects

are a continuation of preceding participation in vocational introduction courses, or form a part of combined education and production programmes.

NORWAY

A major principle in Norwegian manpower policy has been to develop policies that will keep employees at their regular jobs for as long as possible. Only when that fails is direct job creation resorted to. Direct job creation has been primarily a response to the build up of unemployment after 1974. There are two main direct job creation programmes, one for the general unemployed, and the other for youths under 20 years of age.

The Extra Employment Scheme (EES) has two components. The first involves national and local government projects primarily in building and construction. Recruitment is from the unemployed and higher age groups. The second component is "single work places" (individual temporary jobs) which are established by municipal authorities as regular, but additional public administration jobs. Municipal governments qualify for State grants according to municipal finances and working conditions, but the total grant cannot exceed 75 per cent of the total expenditure on the job programme.

The second programme is directed towards three target groups: youth under 20 years of age, adult women and handicapped persons and is known as Alternative Jobs in the Public Sector. It is similar to the "single work places" programme and offers practice in work places within the public administration, social services and public health, the environmental sector, etc. The major difference is that state institutions can also apply and receive 100 per cent funding, whereas municipal authorities receive only up to 75 per cent funding. Recruits must have been registered as unemployed for at least four weeks, or have come from a six week vocational guidance programme or internal company training programme.

UNITED KINGDOM

The Job Creation Programme (JCP) was introduced in 1975 and was conceived much along the lines of the Canadian LIP programme, as a temporary (planned for 18 months) response to the increased level of unemployment in 1974. JCP has been recently replaced by two successor programmes, the Youth Opportunities Scheme comprising several elements including community service, and the Special Temporary Employment Programme which is similar to JCP but restricted to those aged 19-24 with six months unemployment and those aged 25 years and over with more than 12 months unemployment.

The target groups for the JCP initially were the under-25 and over-50 year old groups in the Special Development and Development Areas. In 1976 coverage was extended to the whole of Great Britain and the age groups were modified to include the 25-49 age group if they had been unemployed for more than 6 months. For the initial target groups, concentration was to be centred on those unemployed for over 8 weeks. Work carried out is to benefit local communities and especially assist with urban renewal, and the jobs must be additional in the sense that they would not be carried out without the grant. Participation in a project is restricted to 12 months, and project lives should also have a maximum of 12 months.

Eligible sponsors are local authorities, voluntary and charitable organisations, enterprises in the private sector, and the nationalised industry sector. Projects are financed by a subsidy from the Manpower Services Commission which usually equals 100 per cent of gross wage costs, up to a maximum and in some cases an additional 10 per cent of wage costs may be granted to help towards administrative and capital costs. The maximum grant per project is usually the equivalent of 50,000 pounds.

At the local level, JCP is operated through a system of 10 area unit offices, and each area has an Action Committee comprising trade union, employer, local authority and independent interests whose main function is to encourage the programme operation and to screen all project proposals. While JCP projects have no formal training requirements, they are intended to provide some training, work introduction (for youth), and work experience elements. This is done through on-the-job training, and in some cases day-release for vocational training at colleges and training establishments.

UNITED STATES

There are two principal direct job creation programmes funded under the Comprehensive Employment and Training Act (CETA): Title II and Title VI programmes for public service employment. (It must be noted that these programmes have recently undergone changes, and the following description and findings relate to the re-authorised 1978 programmes.) Title II, D is designed for the disadvantaged who have been unemployed for 15 weeks or more. Title VI is for those who have been unemployed for 10 weeks and who come from low-income families. The intention is that Title II, D should have a basically structural impact whilst Title VI is expected to serve counter-cyclical purposes. In addition to these principal programmes CETA also provides employment programmes under Title II, ABC for 30,000 persons and under Title III for 12,000 Indians and migrants.

The sponsors of job creation efforts must be recognized as 'prime sponsors' who are states and city or county governments with 100,000 or more population, or a consortium of jurisdictions, at least one member of which has a population of 100,000 or more. However, while a prime sponsor is the only entity to receive federal job creation grants, it is not the only entity allowed to spend the grant. The prime sponsor can contract out with other units of government, government agencies, and non-profit organisations. After the sponsors have complied with the Title II and VI hiring restrictions noted above, they cannot receive funds if the employment that results is a 'displacement' of employment that was, or would have been, undertaken without the federal grant. There is also a wage ceiling of \$10,000 per participant per year, which can be supplemented by local authorities. Projects funded since 1973 under Title VI are supposed to be completed within a one year time period (now, 1979, extended to a maximum of 18 months). Another requirement is that each CETA prime sponsor establish a planning council for CETA programmes, and each council includes representatives of non-profit organisations, business, the state employment service, education and training institutions, and labour. These councils are of an advisory and monitoring nature. They can require the sponsors to explain why they have taken such an action or another.

2. PROGRAMME TYPES AND COMMON CHARACTERISTICS

In the questionnaire circulated to participating countries, a very broad classification of programme types was included:

- i) accelerated public works,
- ii) regular public service employment,
- iii) community initiative projects and
- iv) experimental or pilot schemes.

As it turns out, this classification is limited because the programmes examined tended to overlap the classes.

Nonetheless, of the ten programmes (if US Title II and VI are considered separately) studied, only one (Norway) fits well within category (i), although the new economic component of Canada Works programme would tend also to fit in here. Both of the Danish programmes would fit primarily within category (ii) but there is a 'spirit' of category (iii) about the programmes. Both of the single work places programmes in Norway fit completely within category (ii). The United States programmes are difficult to classify, in one sense they have strong elements of (ii) since lower tier governments make up all of the 'prime sponsors', but on the other hand, the project approach, and the inclusion of non-profit organisations as programme agents, also give Public Service Employment a flavour of category (iii). The Canadian programmes CW and YCW are good examples of category

(iii), as is the JCP in the United Kingdom, although the latter, because of heavy local authority involvement tends also to shade into category (ii). Finally, the Canadian LEAP programme is the sole that would be classified as a category (iv) programme, although certainly many of the individual projects funded under all of the other programmes are of an experimental nature.

Going somewhat deeper than these broad categories, the study of programmes has revealed some interesting common features (aside, that is, from the results presented in Chapter II). Most countries have different programmes for adults than youth. Many programmes began as an attempt to aid the hard-to-employ, and to aid high unemployment regions, but as unemployment rose, particularly after 1974, the programmes took on a more counter-cyclical nature and tended to relax eligibility rules. Also, during this process, the programmes were stressed as temporary in nature, and all programmes have a time limit on participation by any one individual. The adoption of a 'project' approach is also popular within the programmes. The programmes are all pitched towards the unemployed (or severely under-employed, e.g. part-time, below poverty wages) and are considered as transition devices for getting people into 'regular' private or public sector jobs. The programmes are not seen as providing permanent employment for individuals. The projects are purposely labour intensive, all have wage ceilings, and only small amounts are granted for capital expenditures. All programmes fund only non-profit endeavours, any revenues earned generally going towards the costs of the particular job creation project.

II

THE MAIN FINDINGS

In this chapter the main findings from the Secretariat's questionnaire are presented. Chapter III will look at the broader implications of these findings and discuss some important economic results and problems. Finally, Chapter IV will present some general conclusions for further policy development.

1. NUMBER OF PLACES CREATED

This section is designed to give some rough idea of the magnitudes of the programmes vis-à-vis the level of unemployment prevailing at the time. In the 2 phases of the Canada Works Programme in 1977/78 approximately 70,000 places were created. YCW created about 30,000 places in summer 1977. The Canadian LEAP Programme in 1976/77 created employment positions for 1,900 persons. These figures can be related to average unemployment figures of 862,000 and 911,000 in 1977 and 1978 respectively and unemployment of young people under 25 of 414,000 and 424,000 for the same years.

Under the Danish PEW programme in 1976/77 about 1,200 year-round positions were created, and an additional 1,600 were temporarily created in the regular public service. These jobs would constitute approximately 3 per cent of the numbers unemployed. No estimate of numbers was received for the EPY youth programme, in fact, the job creation percentage would be higher. In Norway the Alternative Jobs for youth programme provided 1,300 jobs in an average month during 1976, and the EES in 1977 employed 4,000 persons. These totals would make up approximately 26 per cent of the total unemployed in Norway.

In January 1978 the number of approved jobs in the United Kingdom JCP programme was 49,000 and this represented about 4 per cent of the numbers unemployed. During 1978 in the United States under both Title II and VI projects, 725,000 places were allocated and if they were all filled at one time it would be equivalent to about 10 per cent of the total number unemployed.

The above percentages are not precise, nor are they meant to illustrate a country's total manpower effort. Rather they are intended to give some sense of magnitude concerning the direct job creation programmes examined, and it was deemed helpful, as a benchmark, to convert this effort into percentages of total unemployed, whether or not this represented the target group.

2. TYPE OF JOBS CREATED

What kinds of jobs were developed? In this section three characteristics are examined: the nature, the training element, and the type of sponsor.

Nature

In both the Canadian CW and YCW programmes, approximately two-thirds of the jobs were in construction and environmental improvement projects, and one-third provided social, education and health services. The project skills are supposed to match the skills of the region's unemployed, and generally in both programmes the skill level was very low. The LEAP programme also required only a low level of technical skill. It was possible for project managers to acquire some managerial, administrative skills.

Both Danish programmes involve projects concentrated in environmental areas, some clerical jobs, and provision of social services. The EPY programme for youth includes a directive to provide less traditional forms of work. In Norway the Extra Employment Scheme provides 60 per cent of its jobs in construction, and 40 per cent in traditional public administrative posts, primarily in health and the environmental fields. The Alternative Jobs programme for youth provides all its jobs through public administrative posts.

In the 1976 United Kingdom programme, 73 per cent of jobs required manual labour (mostly gardening and construction), and only 9 per cent was in skilled work. Supervisory positions accounted for 14 per cent of the jobs. But it is interesting to note that during the period 1976-1978, the percentage of semi- and unskilled manual dropped steadily from 64 per cent to 45 per cent. Over the full lifetime of JCP 40 per cent of the jobs were in the education/information, social/health and research/surveys and 49 per cent in construction and environmental improvement.

A sample of projects under the United States Title II and VI programmes revealed that 48 per cent of projects involved primary services - protective services, public works, general administration, 21 per cent were of a social and cultural nature, 13 per cent parks and recreation, 11 per cent education, and 8 per cent others. An examination

by occupation reveals (percentages in brackets represent the distribution of the total United States employed): managerial 2 per cent (12 per cent), professional and technical 17 per cent (17 per cent), clerical 20 per cent (20 per cent); craft 2 per cent (14 per cent), operative 8 per cent (17 per cent), labourer 29 per cent (6 per cent), and service 22 per cent (14 per cent).

Training element

In Canada, the LEAP programme stressed life and basic skills. The Danish programme for youth is structured in order to provide jobs that are a continuation of a spell in a vocational introduction course, or is part of a combined education and production programme. The United Kingdom encouraged a training element, but aside from 10 per cent of the workers who arranged day-release for formal training, little training was offered on the projects aside from work experience gained. In the United States programme little emphasis has been placed on training although this has since been altered in the 1978 reauthorisation. Under Title II prime sponsors have to devote a steadily increasing proportion of PSE funds to training (up to 22 per cent in 1982 financial year): and under Title VI sponsors have to provide training where needed, at least 10 per cent of funds in FY 1979 and 5 per cent in later years.

Sponsors

In Canada no figures were made available but a large percentage of sponsors are established non-profit organisations in the voluntary or community sectors and the rest are municipal governments. In Denmark, the sponsors are mainly state and local governments, and non-profit groups are exceptional. In Norway it is all state and local government sponsorship. In 1977 in the United Kingdom, local authorities sponsored 50 per cent of the projects (down 15 per cent from a year earlier), other public bodies 7 per cent, private employers 8 per cent, and non-profit groups 35 per cent (up 12 per cent from previous year). In the United States in 1977, the government sector sponsored 73 per cent, school districts 8 per cent, state agencies 3 per cent, and non-profit 16 per cent. However, a recent regulation was introduced prior to the current amendment requiring that one-third of new projects allocated must be sponsored by the non-profit sponsors.

3. CHARACTERISTICS OF PARTICIPANTS

Who gets the jobs? The jobs were primarily filled by the registered unemployed. In the Canadian CW programme 78 per cent were unemployed just prior to enrolment. In the year preceding participation in the programme, on average participants spent 6 months in unemployment,

4 months employed and 2 months out of the labour force. In the LEAP programme 46 per cent were unemployed (the duration was 6.5 months), 36 per cent were not in the labour force (either 'discouraged' or in training), and only 18 per cent were in employment. In the Danish PEW programme most participants were not members of a recognized unemployment insurance fund, which suggests that they either had just left school and had no previous employment, or else they had just left a vocational training course and were requiring work experience. In the United Kingdom programme all of those employed on JCP were drawn from the unemployment register. Analysis of the characteristics of participants showed that : (i) 51 per cent of the 16-24 year-old group were unemployed for more than 8 weeks; (ii) 29 per cent of the 25 to 49 year-old group were unemployed for more than 26 weeks; and (iii) 57 per cent of those aged 50 and over had been unemployed for more than 8 weeks. Also, 25 per cent of all participants had not worked since leaving full-time education, and one-fifth of these had been unemployed for over six months. In the United States programmes, 84 per cent of those in Title II jobs, and 90 per cent in Title VI jobs in 1978 had been registered as unemployed prior to enrolment.

On a sex breakdown, most programmes, probably because of the nature of the projects undertaken, were centred on males. In the Canadian year-round programmes about 70 per cent of the participants were male. In the Danish PEW programme male participants comprised 86 per cent of the whole, the United Kingdom programme was 75 per cent male, and the United States programme had about two-thirds male participation. Only in the Norwegian programmes did females predominate where they comprised 56 per cent of the total.

By age - the programmes (with the exception of the United States programmes) tended to favour youth even when they were not designated as explicit youth programmes. In the Canadian year-round programmes, slightly less than one-half were under the age of 25, which explains why 70 per cent of participants had no dependents, and 9 per cent had only one. In the Danish PEW programme, 63 per cent were under 25, and of course all of the participants in the EPY programme were youth. The United Kingdom programme was comprised of a 72 per cent youth population, while the United States proportion had only 20 per cent under the age of 22 years. The United Kingdom programme also had only 7 per cent of its participants over the age of 50 years, and the United States programmes enrolled 15 per cent of its participants from the over-45-year group. The United States programmes, more than any others, concentrated on the prime age group. It should be noted nevertheless that 20 per cent of PSE participants were aged under 22 and that other job creation programmes under CETA catered more specifically for young people (e.g. special youth programmes and the Summer Youth Programme together served some 1.4 million young people in FY 1978).

An analysis by educational attainment shows considerable variation where data were available. About one-quarter of the Canadian CW programme and 37 per cent of the LEAP programme (more strictly targeted), did not have more than 8 years of schooling. In Norway 44 per cent had primary schooling only. In the United Kingdom 53 per cent of the 16-18 year old entrants to the programme had no educational certificate, 30 per cent had only a certificate of secondary education and 24 per cent had more advanced secondary school certificates (i.e. 'O' and 'A' levels). Other entrants into the programme were even less qualified, e.g. 57 per cent of all entrants had no qualifications on leaving school, 21 per cent had only a certificate of secondary education and 32 per cent had 'O' and/or 'A' level certificates. At the other extreme, in the United States less than 10 per cent in both Titles had less than 8 years of schooling. In the Canadian CW programme 26 per cent had some post-secondary or a college or university degree. In Norway, 16 per cent had been to vocational school, and 8 per cent had secondary and high school training. In the United States approximately three-quarters of the participants in both Titles had 12 years or more education. Thus, in all countries there is a considerable range of educational attainment, with the United States especially catering for a fairly highly educated clientele at the time the study was made. (The change in the reauthorized CETA will have an effect on the proportion of high school graduates served.)

Most programmes also attempted to focus on cases of economic hardship. In the Canadian LEAP programme two-thirds of the participants had incomes of less than \$3,000 per year (i.e. poverty incomes). And of the total population, only 16 per cent had any income from earnings prior to enrolment in the programme, over one-third had been receiving welfare benefits, and 12 per cent unemployment benefits. In the United States programmes 48 per cent of Title II, and 66 per cent of Title VI were economically disadvantaged, and about one-third of the participants were non-white in 1977. With increased targeting of programmes since 1977 there has been a rise in the percentage of disadvantaged participants to 65 per cent for Title II and 80 per cent for Title VI in the period October 1978-December 1979.

4. TARGETING SUCCESS

As already noted above, the programmes were reasonably successful in employing the registered unemployed which is a general target group of all programmes. For example, the Canadian CW programme included 78 per cent who were previously unemployed with the remainder split between "not in the labour force" and part-time and full-time employment. Most programmes, however, have other targets as well. The Canadian LEAP programme was judged highly accurate by authorities in aiding the hard-to-employ, as was the Danish PEW programme. The Norwegian

Extra Employment Scheme particularly helped out females and the occupationally handicapped. The United Kingdom programme's target group was changed during the life of the programme and targeting success declined with time. For example 52 per cent of those who participated in the programme in 1976 were in the revised target group but this proportion fell to 43 per cent the following year. This result may possibly be a reflection of the growing level of unemployment in general which generates a need for a job creation programme serving a much wider clientele.

In the United States the intent of tightening Title VI eligibility in 1976 was to target it more severely - fifteen weeks unemployment, and to economically disadvantaged groups. Although it was of secondary importance to the targeting issue, by adopting a project approach it was hoped that more of the hard-to-employ would be offered employment. The targeting has been judged reasonably successful, and the projects under Title VI do in fact hit their targets more accurately. However, the targeting success varies by size of population covered by the prime sponsors, for example small cities and suburban areas appear to serve their minority groups better. By prime sponsor size, 75-100 per cent of Title VI project employment opportunities have gone to the economically disadvantaged 8-72 per cent to minority groups, and 17-72 per cent to those with less than 12 years education.

Those programmes targeted on youth appear to be highly successful. In the Canadian YCW programme the student target group was well served, and in fact 99 per cent of programme participants planned on returning to school. The Danish EPY programme was adjudged successful, and in the Norwegian programme targeted on the under-20 year group, 20 per cent were over the age limit. Although the United Kingdom programme included youth as only one of its target groups, in 1977 about three-quarters were between the ages of 16-24 years.

5. TRANSITION AND POST-PROGRAMME EXPERIENCE

Since none of the programmes offer permanent aid and employment to those served, it is assumed - even if not always stated explicitly - that the programmes are to serve a transitional function; that is, they are only a bridge to a 'real' job either in the public or private sector. An important element for any transition programme is training, and this has been covered in an earlier section where it was noted that, in general, training opportunities were slight.

In assessing the success of transitional programmes it should also be noted that while the maximum duration for any individual is usually a year, the time actually spent in the programme is much less. For example in the Canadian CW programme, average duration of a person

participating is about 15 weeks, but average duration of a job was 25 weeks, and in the United Kingdom scheme it was 17 weeks in 1977 and, moreover, 45 per cent of the participants left the project before it was completed. Consequently, the impact that programmes have on participants should be judged keeping in mind that in general participants have spent much less than the statutory maximum of one year in the programme.

What happens to programme participants after they leave the programme? In the Canadian LEAP programme 43 per cent found employment, 33 per cent became unemployed, and 24 per cent left the labour force. In the YCW programme, 99 per cent resumed their education. In the Norwegian Alternative Jobs programmes several months after workers were first interviewed on their jobs 10 per cent were in the same job, 37 per cent had changed jobs, 19 per cent were at school, and 13 per cent were unemployed. In the United Kingdom scheme, immediately after leaving the programme, about one-third of those surveyed (i.e. 34 per cent) went into employment, 5 per cent went into training or educational pursuits, and 56 per cent registered as unemployed. However, four to six months after leaving the project, 60 per cent were employed, and a further 10 per cent had held an intervening job; about one-third had been continuously unemployed.

The Continuous Longitudinal Manpower Survey (CLMS) has provided information on the post-programme employment and earnings of CETA enrollees. According to the survey of persons entering Public Service Employment programmes in January-June 1975, 61 per cent were in employment three months after completion of the programme. The National Commission on Manpower Policy, after reviewing field studies, discovered that the programme's prime sponsors did not in fact view the programme primarily as a transition device, but rather simply as a temporary employment opportunity which could also provide needed community services. In cases where sponsors did consider the programme in a transition light, the majority thought the transition would be to a public sector job.

In the Canadian CW scheme, workers may be granted days off with pay in order to attend job interviews; also project employees remain candidates for other job openings registered at the government manpower centres. In the United Kingdom scheme, two-thirds said they were actively searching for other employment, a situation encouraged by the JCP guidelines. One-third of those surveyed in JCP thought that the experience had affected the type of work which they wanted to do subsequently, but 75 per cent of those surveyed who had entered employment after JCP experience said that experience was of no value in relation to their present job.

Although Sweden was not considered in our survey, but has some good post-programme results, and because the issue is very important,

some Swedish results are added to this section. For youth, a relief work programme that provided employment opportunities in both the public and private sectors for 6 months has been followed up. The immediate effect after leaving the programme has been for 51 per cent to enter employment, and three months later for 59 per cent to do so. Of the 41 per cent not employed three months later, 11 per cent were back on relief work, 12 per cent entered training or studies, and 15 per cent were unemployed. Of those employed, about two-thirds were in regular employment with their relief work sponsor. Duration of unemployment was a strong indicator of post-programme success. Forty per cent of those unemployed for longer than six months before the programme were still unemployed 3 months after the programme, while only 7 per cent of those unemployed for less than one month were unemployed three months after.

Unfortunately, all of the above data are seriously weakened by the fact that the post-programme performance of participants is never compared over time to the performance of a similar 'control' group. Consequently, if 55 per cent of the participants of a scheme obtain employment after spending six months in a programme, can we be sure that the same percentage would not have obtained employment anyway after six months? Since we cannot answer this question we can only treat the results as interesting but not necessarily significant one way or the other. Where job placement in 'structural programmes' has been high, and especially among high unemployment and hard-to-employ groups, we may feel more confident that the programme provided some help. Likewise a counter-cyclical programme pitched to all unemployed that has a low successful 'graduation' rate cannot necessarily be deemed a failure if all it intended to do was provide temporary employment. But for rates and programmes between these two extremes, interpretation of results is extremely difficult to make without a control group comparison (unless anything less than 100 per cent successful post-programme placement is considered a programme failure).

6. PARTICIPANT ATTITUDES AND SATISFACTION

The above section contained some observations on how programme employees viewed their experience in terms of helping them obtain post-programme employment. This section contains participant observations on other aspects of the programmes as well.

In the Canadian LEAP programme, a majority thought their involvement had been helpful in the following ways: it provided a chance to learn a skill or trade; had improved their relations with others; had assisted them in obtaining better jobs, had increased their ability to accept responsibility; and had given them a 'legitimate' source of income.

In the YCW programme, 80 per cent of those surveyed believed they had obtained a meaningful experience that they could relate to their educational goals or career aspirations. In the Norwegian survey of Alternative Jobs, 52 per cent of those responding thought their experience was very useful, 33 per cent thought it was of some use, and 15 per cent considered their involvement of no use.

In the most complete survey covering the JCP programme in the United Kingdom, 86 per cent of the survey respondents claimed to have particularly liked some aspect of their job, notably: the general work content; opportunity to engage in open air work; interest in a specific job; and the contact it afforded with others. Eighty per cent felt they had derived some positive benefit from their involvement, usually because of the opportunity to gain skill or work experience. On the other hand, 40 per cent were able to designate some aspect of the job which they particularly disliked, but only 8 per cent singled out boredom which was the most frequently mentioned negative aspect. Forty-five per cent thought their projects could have been improved; 15 per cent thought better management, and 12 per cent thought better equipment. Only 17 per cent thought JCP did not live up to their expectations, mostly because they thought it would lead to a permanent job, or they thought it would have provided them with more training.

The above responses yield many reasons for expressing satisfaction with job creation programmes, but a response from a Danish observer gives a different dimension. From the questioning of participants it was observed that perhaps the nature and content of the work was of secondary importance in determining the participants' feeling about the programme. What was likely of primary importance was that people were participating in community life, and therefore deriving satisfaction simply from being employed.

7. WAGES

In general, programmes stipulate that either the minimum wage or the prevailing rate for the job is paid. But nonetheless this can lead to a range of interesting results. In the United Kingdom where a special survey was conducted, and where wages are paid according to the local prevailing rate up to a maximum of 58.80 pounds per week (January 1978), the wage structure was found to be highly correlated with age. Most notably, there were big wage jumps after the 17th and 18th years with a more even progression after that. Females consistently earned slightly less, and only 1 per cent in fact received more than the ceiling. By comparison with a year earlier, the weighted wage index increased by 20.4 per cent - reflecting not only a higher wage level, but also a mix of more highly paid workers. Nonetheless, individual wage increases

ranged between 9 and 17 per cent, while the average for the economy increased 10 per cent, therefore narrowing the gap in relative wages between JCP and non-JCP workers. With respect to levels, however, male manual workers in JCP of all ages received an average weekly wage 76 per cent that of non-JCP manual workers, and this falls to only 58 per cent when normal overtime pay is included (which is not available to JCP workers). The only comparable levels are for those under 18 years, where the wages of JCP and non-JCP workers are almost identical.

The United States programmes pay prevailing wages but have a ceiling of \$10,000 a year, or about \$5 per hour. To avoid abuses of these ceilings, the 1978 legislation imposed stringent rules on wage supplements by sponsors. As regards Title II, supplementation can take place up to 20 per cent based on the area wage index, but the annual average wage in a prime sponsor area must not exceed \$7,200 adjusted annually according to the local area wage index. For Title VI the same rules apply but sponsors can use up to 10 per cent of their allocation for wage supplementation. In fact it has been observed that only lower level jobs can be supported by wages below this ceiling, which gives rise to fears in some quarters that the programmes will create a distinct 'tier' of lower level jobs within the public sector. In fact, sponsors do supplement the wages. In large cities, over two-thirds of the sponsors add to the \$10,000 ceiling, while in smaller cities only 4 per cent do, and in rural areas no supplementation has been paid. In large cities, the highest paying occupation - managerial - received a wage 58 per cent higher than the lowest paid which was the service category. In the Canadian CW programme, wages cannot exceed the prevailing rate, nor can the average wage bill exceed 15 per cent of a wage bill that would be based on minimum wages only. This, too, imposes a fairly low ceiling, especially in large urban areas, although the project manager can receive up to 50 per cent more than the minimum wage. In most programmes contributions are also paid for pension plans, unemployment insurance, etc. and all participants pay income taxes where applicable.

8. NET COSTS TO THE TREASURY

While a programme's net costs are a critical element in an evaluation, unfortunately the data received in the responses have been weak and circumstantial. Therefore, an attempt has been made by the Secretariat to give some estimate of the likely flowbacks to the Treasury - income and consumption taxes, pension and unemployment insurance contributions, etc. - as well as programme savings - unemployment benefits, welfare assistance, etc.

The gross cost per job in Canada's CW was approximately \$9,000 annually. On the cost offset side, 78 per cent of participants had been unemployed but some would not have built up any rights to unemployment benefits, and others would have exhausted their benefits (average duration of unemployment was six months). Some would have been on welfare, but with 70 per cent with no dependents, welfare assistance would have been difficult to obtain and not very substantial where obtained. Perhaps in total, therefore, 50 per cent of participants would be on government transfer payments of some kind. All would pay taxes and contribute to unemployment and public pension programmes. A reasonable estimate, therefore, might place the programme's net cost between one-half and two-thirds of the gross cost.

One estimate for the Danish PEW programme, based primarily on a subjective approach, suggests a net cost equal to approximately 50 per cent of the total wages cost. In Norway, officials constructed a hypothetical example. Assuming a pre-unemployment income of N. kr. 69,000 a year, and taking the public cost per job created for a seven and one-half week period as N. kr. 14,000, the tax-back and social security payments would be about N. kr. 5,000. Cash benefit (unemployment benefits) offsets would be N. kr. 4,200, leaving a net cost of N. kr. 4,800 which is equal to 35 per cent of the gross.

The most complete costing attempt was made for the United Kingdom programme. Using the actual wage payments and tax and social security contributions of a sample of 1,057 individuals, programme offsets were calculated. For 1977, the estimated gross cost per job/week was 45.57 pounds, and offsets totalled 25.26 pounds, leaving a net cost equal to 49 per cent of gross. The net cost varies according to age - 48 per cent of gross cost for the 16-18 year group and 35 per cent for the 50 year and over group. The precise weekly programme offsets were as follows: transfer payments 13.49 pounds, income tax 5.19 pounds, consumption tax 1.34 pounds, and national insurance contributions 5.24 pounds. Assumptions were made concerning pre-programme income history and entitlement to various benefits, but no adjustment was made for any costs that might be associated with displacement (i.e. does the programme cause unemployment to be increased elsewhere?).

It is undoubtedly fair to observe that accurate and indisputable net cost figures are hard to achieve. There are some variables involved, particularly on aspects such as substitution and displacement effects, that do not yield to precise measurement, and, therefore, a range of assumptions must be chosen. Nonetheless, the above examples do illustrate that the net cost is substantially less than the gross cost, and it will vary from one country to another, and from one time period to another. In general one can probably assume that net costs will be somewhere between one third and two-thirds of the gross cost.

9. NET JOB CREATION/DISPLACEMENT

It cannot be assumed that all of the jobs created through a job programme are net. In some cases lower-tier governments and non-profit organisations will use programme funds to fund regular ongoing activities and fill positions that would have been filled in any case. In other instances the work performed by sponsors, while being additional, may displace work that would have been performed by the private sector, and thus private employment is displaced. Because this issue is central to an evaluation of job programmes, and because it is complex, a full discussion is reserved for the following chapter. In this section the country responses are simply presented, and it is unfortunate that so little hard data are available.

No studies have been done on the Canadian programmes, but the fact that they are performed on a fixed duration project basis, where average worker duration for CW is 15 weeks, and for YCV 11 weeks, plus the fact that normal market sector activities are not allowed, precludes many opportunities for displacement. In the LEAP programme which is highly targeted on the hard-to-employ and where projects are designed from the ground up, officials consider all jobs to be net. In oral reports from Norwegian officials it was stated that programmes are regulated quite carefully and that displacement is low. A survey of JCP sponsors in the United Kingdom in the summer of 1978 revealed that the programme on the whole successfully identified work schemes which involved little duplication of existing production and consequently there was no displacement of other employees doing similar work in normal employment. The survey also indicated that about 8.5 per cent JCP jobs would have been created anyway and consequently this rate has been adopted as the level of substitution. It should be noted that, because of retrenchment in local government expenditure and administrative rules to this end, the possibility of fiscal substitution was relatively slight at the time the programme was in operation.

The United States programme represents the only instance where displacement has been the subject of extensive field examination, and where estimates have been made. Overall, the first round displacement rate is 18 per cent, and only 8 per cent among the projects. Second round survey observations at end of 1977 show an overall displacement rate of 15 per cent, and 10 per cent among projects. Moreover, of the 82 per cent net jobs created as shown by the first round survey, 51 per cent were newly created jobs, and 31 per cent were adjudged to be of a job maintenance nature, that is, jobs which would have disappeared had it not been for the job creation funds. But in both cases, there is net job creation.

10. START-UP AND PHASE-OUT

Most particularly when job creation is being used for counter-cyclical objectives, it is important that employment can be built up rather quickly and then phased out smoothly as conditions of the cycle warrant. Because the economic situation of the past few years has been marked by rising levels of unemployment, most programme experience has been with start-up rather than phase-out. Nonetheless, there is some experience on phasing out individual projects, if not entire programmes.

In Canada the CW programme is 'permanent' until 1982 and the funding level is generally known a year in advance. The allocation of funds is partially based on regional unemployment levels. There is also an emergency funding mechanism that can be used for areas that suffer sudden economic dislocations. Information for speed of start-up the first year the programme (then LIP) was introduced - and on very short notice - indicated a very rapid build-up. LIP provided 92,300 jobs - about 17 per cent of the numbers unemployed - and had twice as many applications as it granted; that is, budgetary factors constrained the programme. The Danish programme, PEW, seems marked by a different problem. Municipal authorities do not always have enough planning time because budget allocations have not been announced well enough in advance. Moreover, there is no known relationship between local unemployment conditions and budgetary allocations. A related problem may be that grants go where the applications are most plentiful, whether or not these areas coincide with the areas of highest unemployment. In the United Kingdom the allocation of funds of JCP Area Offices was generally on the basis of the rate of unemployment prevailing in the area, but the allocation of funds within areas was to a very large extent determined by the level of activity of sponsors in generating projects for approval by the Area Action Committee. In the Danish scheme one of the reasons why municipalities have been so reluctant to put forward applications is that the grant covers only 80 per cent of gross wage costs. The build-up under the newer EPY programme should be smoother since municipalities receive block funds to provide youth employment. In the Norwegian schemes this municipal reluctance has also been noted and is undoubtedly the result of a 50 per cent funding scheme there.

The introduction of the United Kingdom scheme was marked by fast build-up. In the first six months, 18,000 jobs were funded; in the next six months 24,000 new jobs were created, and in the following three months 16,000 more jobs were created. This illustrates an accelerated rate of employment pick-up. Judging also by the acceleration in funds granted this programme from its inception (30 million pounds), 5 months later an extra 40 million pounds, and by the initial year's end an extra 35 million pounds added, it would seem that the number of qualified projects submitted were not a constraint on this programme's expansion and build-up.

The expansion of the PSE programme in the United States also attests to the ability of job creation to have a fast employment build-up. In the National Commission for Manpower Policy report to Congress, it was stated that the programme expanded by 45,000 positions per month up to its 1977 operating level of 725,000 (it has since dropped below this figure). The report also concludes that while some persuasion was needed in a few cases in order for sponsors to fill their allotted positions, and a very few instances of "leaf raking" were found, in general the expansion of employment proceeded very smoothly. The United States helps sponsors make their plans under the programmes by providing them with early planning estimates for each jurisdiction of the funds likely to be available in the following fiscal year. It should also be noted that none of the country programmes have 'triggers' included, rather decisions on when to start-up, and funding levels are discretionary, although in some programmes the allocation of the total funds granted among localities is accomplished, at least beyond some minimum, according to local rates of unemployment.

As noted, phase-out as a response to sharp drops in unemployment is not yet something that programmes have experience with since the level of unemployment has not fallen to warrant much reduction in job creation programmes (although certain programmes have been dropped or considerably changed for other reasons). However, for countries operating on a fixed duration project basis, the problem of community dependency (that is, where people have become dependent on a service) has been raised when individual projects are phased out. This is most likely to present a problem when the projects are providing needed services to disadvantaged members of the community. This became a concern with the Canadian LIP programme, and its successor CW now requires project sponsors on application to state that no dependency problem will arise after the project's termination. This can be accomplished either by assuring that alternative funding will be available at the project's termination or else by undertaking projects with a finite life span (e.g. construction and environmental projects).

11. VALUE OF OUTPUT

It is very difficult to place a value on any public sector good or service not passing through the market pricing process. It should not be assumed that simply because the output produced by job creation is not generally sold to the public that it consequently has no values, i.e. it is all make-work 'leaf raking'. Nor should it be assumed that this work has no value because it is not already performed by regular government departments or agencies, the commercial private sector, or non-profit organisations. The public sector is constrained by its budget in what it can normally provide, but when the reduction of unemployment has high priority there is no a priori assumption that the public sector

cannot combine this objective with an extension of its provision of worthwhile goods and services. Moreover, the types of services provided are frequently directed to members of society who could not afford to purchase them, hence normal private sector provision would not be contemplated without heavy subsidisation.

In an above section it was illustrated that job creation is of value to the participants, and that they found the work useful. But what of the value to the community? Necessarily this evaluation must be subjective and circumstantial. There is little question that in all programmes examined the provision of worthwhile and needed goods and services was a twin objective alongside the creation of employment opportunities. No programmes set out solely to reduce unemployment with scant attention paid to the value of output. And to achieve this goal, many programmes established mixed advisory and selection committees comprising representatives from government, business, labour, and the community at large, and at regional or local level in order to better match up a community's needs with type of project. The Canadian constituency advisory groups, the United Kingdom action committees, and the Danish regional labour market boards are prime examples of this type of advisory and selection procedure.

In Canada an official survey was conducted of the former LIP programme. There, of 150 projects in 30 communities surveyed, 86 per cent of the projects were adjudged as being definitely needed. Moreover, it was suggested that the projects often developed different ways of 'delivering' services, e.g. by involving the people being served, or by providing 'outreach' facilities, and in this way acted as pilot projects for experimenting with different modes of service provision by the public sector in general. Work on measuring the value of output was undertaken in the United Kingdom. The measure of value adopted was the amount of money which sponsors reported that they could have justified spending on the work carried out under the auspices of the Job Creation Programme. This measure of the value of output probably balanced the resource costs of the programme. The Norwegian schemes, by restricting employment opportunities to public works and regular public administrative jobs, probably assure that value of output would be roughly equal to the marginal value of previous government output. Quite naturally, the value of output will likely vary with the desired pace of the employment build-up and the lead, or planning, time available. In the United States where a very fast build-up was accomplished recently, the importance of lead time was pin-pointed. There was also a strong likelihood of hastily prepared projects since there was considerable pressure on prime sponsors to expand employment opportunities quickly. Nonetheless, in this report to Congress, the National Commission for Manpower Policy concluded from the field surveys undertaken that "there have been few reports of 'leaf raking' jobs".

12. FINANCING OF PROGRAMMES

The mode of financing job creation could be important because of its influence on inflationary pressures and community acceptance. All programmes were financed out of general revenues and hence paid for indirectly through a variety of income and consumption taxes, and deficit financing methods. In the Norwegian and Danish schemes, municipal revenue input was also required, and in the United States, prime sponsors frequently supplemented wages. In the United Kingdom scheme 85 per cent of the costs of running a project was financed by the central funds for the scheme, the sponsors finding the remaining 15 per cent themselves. Although it is not likely of important magnitude, the Canadian and United Kingdom schemes did allow certain projects to charge those being served for services rendered, in which cases the government funding would be adjusted to assure that the projects were of a non-profit nature.

13. SUMMARY

This section contains a very brief and non-critical summary of the highlights of the findings. Programme size, when converted to a percentage of total numbers unemployed tended to be in the 3 per cent-10 per cent range with only Norway greatly exceeding this at 26 per cent. The types of jobs offered were primarily of low skill and manual; there was much construction and environmental improvement work. In the service sector emphasis was on health, education/information, and aid to disadvantaged groups. Training was not given great emphasis in any programme, and only the United Kingdom scheme - with 10 per cent day release - seemed to offer any degree of formal training. Sponsors are generally state and municipal governments, but in some schemes - Canada, United Kingdom, United States - the non-profit sector plays a large role.

The characteristics of participants reveal that between half and three-quarters are drawn from the unemployed ranks (usually for over one month); that males secure a vast majority of the jobs (except in Norway); that one-half to three-quarters of the jobs went to individuals under the age of twenty-five years (except in the United States programmes which favour the prime age group); that between one-quarter and one-half had only primary education, but also that in Canada 26 per cent had some post-secondary education, and in the United States about three-quarters had twelve years or more of education; and that programmes generally concentrated on individuals suffering economic hardship.

Targeting success, where measurable, seems mixed, but generally is judged favourably. The Canadian programme 'hit' 78 per cent unemployed, the United States scheme 'hit' 75-100 per cent

economically disadvantaged, the Norwegian youth scheme only spilled over to 20 per cent non-youth and the United Kingdom scheme over the whole life of the programme in relation to the original target group employed 75 per cent under-25s and 7 per cent of over-50s.

All of the programmes were considered transitional schemes, although the degree of commitment to this varied. One limiting factor on transitional success is that participants generally stay less than the usual one year allowed in the programme. In the United Kingdom scheme, average duration was only seventeen weeks, a substantial number of participants leaving early to enter employment. The percentages of participants entering into unsubsidized employment immediately after completion of a stint in a scheme varied between one-third and one-half, and this increased to between 50-60 per cent after several months had passed. Not all of the remainder became unemployed, some returned to other job creation projects, and others entered into training or educational programmes. Interpretation of post-programme performance is hampered by the fact that performance is never compared to that of a control group.

Employee satisfaction was very high indicating that the work was interesting and providing at least some challenge. Where data were available, approximately 85 per cent of participants expressed satisfaction with their jobs. Where complaints were registered they centred primarily on lack of adequate equipment, and the need for improved management. Of interest is the fact that very few thought the jobs boring or of little benefit to the community.

None of the responses indicated that wages were so high as to interfere with the private sector and attract workers out of other employments. On the contrary, wages were set at the prevailing rate - but with a generally low ceiling - or minimum wage level, and most of the complaints concerning wages centred on them being too low, which gave rise to difficulties in recruiting proper supervisory or other complementary and required skills.

Data on the net costs to the Treasury are weak and circumstantial. Where data are available, and estimates have been made, the net costs would seem to be somewhere in the neighbourhood of 35-60 per cent of gross costs. Job displacement, or net job creation, is also a critical issue, but data are virtually non-existent and there may be dangers in obtaining a definitive statement when target groups or the nature of projects are altered.

In the United States, where careful assessments of this issue have been made, it is concluded that 82 per cent of all jobs created are net, and if we take only those allocated on a project basis, 92 per cent are net. Responses from other countries have expressed the view that displacement is not a major problem.

The start-up speed and the quick build-up of employment appear to be major advantages of direct job creation. The Canadian LIP programme provided 92,300 jobs in its first year, and on short notice. The United Kingdom scheme created 42,000 jobs in its first year. In both these schemes, it appeared that budget constraints, and not enough sponsor applications, were the effective constraint on even more rapid build-up. The United States programme has created jobs under its recent expansion at a rate of 45,000 jobs per month. Build-up problems seem to be associated mainly with those programmes that subsidise sponsor costs at less than one hundred per cent, but even so, the size of the Norwegian scheme is impressive.

It is difficult to assess the value of the output of job creation schemes. However, it is worthwhile noting that in all programmes, authorities stressed the objective of providing needed community services: employment was not to be created at any expense. In the only official survey - of the former Canadian LIP Programme - 86 per cent of the projects were judged as being definitely needed. Moreover, many projects pioneered in new ways of delivering services. The use of advisory and selection panels drawn from the community - and utilised in several programmes - is a device used for maintaining project usefulness.

The method for financing job creation programmes is consistently through general revenues. However, in some instances, local governments must supplement wages, and in a very few cases, some revenue is raised through sale of goods or services.

III

SOME ECONOMIC IMPLICATIONS OF THE FINDINGS

There are several interesting results of general economic consequence emerging from the findings: what are the objectives: structural or counter-cyclical - and can they both be fulfilled under a general programme, and if not, what are the trade-offs; what is the overall employment impact of job creation, and is displacement, which leads to fiscal substitution, a waste of funds; and what are the inflationary consequences of job creation?

1. MULTIPLE OBJECTIVES

Job creation programmes as temporary employment programmes have two broad objectives: to provide counter-cyclical economic stimulus, and to reduce structural problems leading to high and/or chronic unemployment among certain regions, occupations, and those possessing certain personal characteristics. In this section it is questioned whether a single job creation programme can effectively provide for both of these employment objectives, and whether authorities have perhaps confused the objectives. Moreover, in periods of abnormally high levels of unemployment, is a short-term cyclical objective valid?

It is not always possible by observation to state whether a given programme is primarily serving counter-cyclical or structural adjustment purposes. Since all programmes surveyed concentrate on the unemployed - and most contain at least a minimum duration of unemployment restriction - the likelihood is strong that the programmes will include a large percentage of disadvantaged and hard-to-employ individuals, and operate in depressed regions. Consequently, programmes designed purely for counter-cyclical purposes are also going to have the appearance of serving structural objectives. Additionally, as the current period of high unemployment grows lengthier, it becomes increasingly difficult to separate the structurally and counter-cyclically unemployed. Nonetheless, of the programmes surveyed, it is possible to categorise them by their stated intention.

The Canadian LEAP programme has structural objectives, and the CW (and former LIP) initiated to counter seasonal and regional unemployment has now become an all-year-round measure to counter unemployment in general. The YCW programme is seasonal and structural, since it is open only to students during the summer. The Danish PEW programme was initiated to help the hard-to-employ, but has now become an open programme to serve the unemployed in general. The EPY for youth is part structural, but was initiated because of the growing unemployment problem in general. The EES programme in Norway is counter-cyclical with a slight structural tilt towards women and the occupationally handicapped. Also, the Alternative Jobs for Youth programme is aimed at youth, but is a response to the general high level of unemployment. The United Kingdom scheme is a response to high levels of unemployment but is targeted on youth, aged and long-duration unemployed (originally with a regional dimension). The United States Title II programme has always been focused on areas of high unemployment, however it also has been used as a vehicle for counter-cyclical funding. Its main target groups at present are the disadvantaged and those unemployed for at least fifteen weeks. Title VI was a response to increased unemployment during the 1974 downturn, and has maintained an emphasis on counter-cyclical objectives. Its main target groups are members of low income groups and those unemployed at least ten weeks.

The conclusion to be drawn from this is that with the exception of LEAP, designated counter-cyclical programmes have structural elements built into them, either deliberately or because the composition of the unemployed leads to this result; and designated structural programmes have become counter-cyclical in nature, or perhaps more appropriately have become a response to the continuing high levels of unemployment in general. The question is, can these types of programmes, similar in nature, respond adequately to both structural and counter-cyclical problems?

As a counter-cyclical measure, public sector direct job creation has a different set of objectives than when it performs a structural role. In its counter-cyclical role, it must be regarded as an economic stimulus measure financed by the government through a deficit. And in this role it must be compared to other deficit financing methods for creating employment opportunities: by tax reduction, increased public expenditures on goods and services, and enterprise sector employment subsidies.* In addition to creating net jobs, job creation must be measured against its ability to produce needed goods and services as effectively as these alternative methods. It must also be compared to other measures as regards: effects on inflation, balance of payments,

* See: A Medium Term Strategy for Employment and Manpower Policies, OECD, Paris, 1978.

labour supply constraints, micro-efficiency within the organisation and income distribution objectives. Finally, job creation as a counter-cyclical response must be evaluated on how quickly it can be set in place when a downturn occurs, and how smoothly it can be phased out when recovery begins.

As a method of reducing structural unemployment, direct job creation must be evaluated in terms of how accurately it provides employment to those individuals, industries and regions suffering from structural problems, and how these selected groups fare after they leave the programme. In its structural role, job creation also has competition such as training, mobility programmes, work experience, counselling, intensive placement procedures, and regional economic expansion programmes. It is impossible here to make a comparison of job creation and its competitors in its role as either economic stimulant, or in its role of adjusting groups to structural problems. However, it is possible, on the basis of the findings, to question whether present programmes serve either purpose as well as they could.

As a counter-cyclical measure, direct job creation should be capable of a fast phasing in and out, be highly labour intensive, have very low displacement, draw its participants from the unemployed and not from outside the labour force and produce needed goods and services efficiently. In using the term "produce needed goods and services" it must be borne in mind that, unless the demand for the needed goods or services comes to an end when the programme finishes, the risks of substitution and displacement are increased.

From a structural standpoint, the speed of phasing in and out is not so crucial. In fact, to phase in a series of projects designed to give maximum adjustment assistance to groups with structural problems probably takes time, and the phasing out of successful projects may not be even desirable at all. Also, there is no reason why structural programmes should be restricted to non-profit or self-sustaining activities. Accepting this, it would be questionable to want to phase out profitable or self-sustaining projects that are providing permanent employment to disadvantaged groups, or in depressed areas. The Canadian LEAP programme, which only has structural aims, has a long planning phase per project, and projects last at least three years regardless of the aggregate level of unemployment, and they strive to become self-sustaining.

Also, it is not necessarily desirable to make structural projects labour intensive as it might be in a counter-cyclical programme. For purposes of establishing self-sustaining enterprises, and for training-on-the-job, it may be necessary to make significant capital purchases. Moreover, the value of output produced should not be made the highest priority: this should go rather to the fact that participants are acquiring skills and the jobs are providing human capital as an output. Output per man/hour should therefore not be a main criterion for judging these

projects as it might be if they were being employed for counter-cyclical purposes. The level of displacement is not as relevant when structural objectives are being considered since the purpose is to create additional employment opportunities for the disadvantaged, and equalize to a greater extent employment opportunities vis-à-vis more advantaged workers. It is also not of prime importance in a structural programme to restrict participation only to those recorded as officially unemployed. In fact the difficult structurally unemployed cases, e.g. forced retirement, unskilled housewives, and severely handicapped, will not likely be in the unemployment column at all, but in the discouraged worker category outside the labour force.

It becomes evident, after comparing the descriptions and findings of the programmes with the two objectives outlined above, that there is either a considerable amount of deliberate compromise in programme design, or programme objectives are confused, or economic circumstances are rarely of the pure structural or pure cyclical type but rather a combination of the two. To be sure, the Canadian LEAP programme is fairly consistent in achieving its purely structural aims. Also, the public works portion of the Norwegian EES programme is generally consistent with its counter-cyclical objectives. But for the remainder of the programmes, which are now of a mixed nature, one must wonder about the rationale of start-up/phase-out procedures; degree of labour intensity; value of output checks; displacement concerns; emphasis on officially unemployed; and exclusion of profit-making or self-sustaining activities.

Since, as was illustrated above, procedures beneficial to counter-cyclical policies are likely to be detrimental to structural job creation policies, it is not likely that compromising in the middle of each procedure, or taking fifty per cent of the procedures beneficial to one objective and fifty per cent to the other, is a likely way of maximising the attainment of either objective. Most likely, job creation efforts will land in the middle rung of effectiveness. In fact, what seems to have resulted is that most countries are operating counter-cyclically designed programmes aimed at participants with structurally determined employment problems. The solution would seem to be the adoption of two distinct job creation programmes, one for each objective (assuming for the moment that direct job creation is superior to the alternative methods described above) for stimulating employment and aiding the disadvantaged.

There is a further (speculative) problem associated with objectives, and this relates to the transitional and temporary nature of most schemes. The assumption behind all schemes (some LEAP projects excepted), is that there are - or will be after the cyclical recovery - enough unsubsidised jobs in the regular public and private sector to absorb the 'graduates' of direct job creation schemes (and training schemes as well). However, the length of the current slow growth period (now going

on five years), plus the analysis and data contained in the OECD publication *A Medium Term Strategy for Employment and Manpower Policies*, must cast some doubt on the appropriateness of this assumption.

If the world economy has shifted to a position of continuing high unemployment, and if countries choose the employment versus the income maintenance route for providing adequate levels of income support, then a case can be made for permanent job creation programmes. The objective then will not be to provide only training and work experience, or temporary employment, but to develop new forms of permanent job creation. The question of providing community services on a decentralised project basis permanently will have to be considered, as will the funding of local co-operatives and small labour intensive business enterprises. The alternative, the development of a hybrid or third sector, has already been discussed in the *Medium Term* publication referred to above. In the United States, the supported work programme for individuals with very severe employment problems represents an interesting experiment.

2. THE EMPLOYMENT IMPACT OF DIRECT JOB CREATION

In this section we look at direct job creation from the standpoint of its ability to expand aggregate employment. Aside from the fact that direct job creation programmes serve specific social objectives, and may also be used for providing fiscal relief to lower-tier governments, it is as a stimulant to aggregate employment that direct job creation will be compared to alternative stimulants such as tax reduction, increased government expenditure on goods and services, an expansionary monetary policy, and private sector employment subsidies.

This section on employment impact owes much to a review of the theoretical literature and relevant empirical evidence completed for the United States National Commission for Manpower Policy study by Professors Neil Bailey and Robert Solow. (The entire NCMP study was submitted by the United States government as part of their response to the Secretariat's questionnaire). The real question is: if a government intends to stimulate aggregate employment by financing an expenditure of a given amount, then how many jobs will be created in the aggregate? *

Taking 1978 figures, Bailey and Solow calculated that a 'regular' job in the United States economy costs about \$20,000 to create (wages, benefits, overhead costs, complementary inputs, etc.), whereas a public sector job creation slot costs about \$8,000. Clearly, therefore, due to the high labour intensity, a given sum of spending on direct job creation will create about twice as many jobs in the first round as if

* See *A Medium Term Strategy for Employment and Manpower Policies*, op. cit., Chapter III.

alternative tax reduction or government expenditure increases on regular goods and services approaches were taken. Moreover, because direct job creation is targeted more effectively on low-income workers, it is fair to assume that their spending, or consumption, is greater out of every dollar of income received, and this in turn generates a larger second round 'multiplier effect' on employment (although the propensity to consume imported goods is also a factor). If one is looking at unemployment reduction rather than employment creation, then direct job creation is alleged to be even more efficacious since it is estimated that in the United States general job expansion (through tax reduction, etc.) will draw 65 per cent of its employment from outside the labour force, whereas our results from direct job creation programmes indicate that they will draw from between 20 to 50 per cent from outside.

A critical problem related to the employment impact of direct job creation is the extent to which the first-round jobs displace other public or private sector jobs. There are in reality two distinct issues (just as there are with the substitution question of employment subsidies): first, what is the displacement rate; second, given any displacement that occurs, what happens to the original funds being displaced; that is, we need to know what the employment effects of this fiscal substitution are. It cannot be assumed a priori that displacement and fiscal substitution are a complete waste of funds from the employment standpoint.

On the question of displacement, the findings have suggested that it is not a major issue. All countries have replied that they feel confident that their regulations and enforcement procedures have kept displacement to a minimum. Hard data exist only for the United States programme and lead to the conclusion that overall, 85 per cent of the jobs are 'net' and when funds are allocated on a project basis, 90 per cent of the jobs created are net. Fortunately, the United States study, through field surveys, has also attempted to determine what happens to that 15 per cent of job creation funds subject to fiscal substitution; that is, what happened to the state and local resources released, and what likely effect did this have on employment?

The United States study established three substitution effects. First, taxes can be cut or stabilised, and this transfers the initial job creation stimulus to the private sector since additional spending power now remains in private hands. Second, fund balances can be built up or, more simply, prime sponsors simply save the displaced job creation funds, in which case there is either no employment effort, or it is delayed to a future date. Third, prime sponsors can use the displaced funds to expand other programmes, perhaps of a more capital intensive nature.

Of the twenty-four cases surveyed where displacement occurred, fourteen involved the use of PSE funds to stabilise taxes, three to reduce taxes, four cases resulted in saving funds and building up

surpluses, and three in the transfer of funds to other programmes. Therefore, with the exception of four jurisdictions who saved (temporarily) the displaced funds, it becomes clear that even displaced funds end up creating jobs, but perhaps in not such labour intensive ways as was intended by PSE officials, and probably quite similar to other alternatives for stimulating employment. Finally, if PSE is viewed as a structural programme, and not simply concerned with aggregate job creation, then the statement by the United States National Commission for Manpower Policy is highly relevant: "Even if there were a 100 per cent substitution of federal for local dollars, prime sponsors might be adding structurally unemployed persons to their regular payrolls which would certainly enhance their job and career prospects". In conclusion, therefore, having examined the low displacement rates and the uses to which fiscal substitution is put, one would tend to support the Bailey-Solow conclusion that the first-round employment impact of dollars spent on direct job creation will far exceed the same amount spent on tax reduction, or government expenditure increases in general. (It should, however, be added that they did not compare their results with employment subsidies to the enterprise sector.)

3. THE INFLATIONARY IMPACT OF DIRECT JOB CREATION

Bailey and Solow concluded that direct job creation would be less expansionary on the cost side ("cheating the Phillips curve") if two conditions hold: first, if the programme is carefully targeted on workers assumed to exert less bargaining power over wages than more advantaged workers; second, if the wages are kept low so as not to exert upward pressure on wages in the regular labour market.

From the findings in Chapter II it might be concluded that in general these two conditions are met. The programmes examined hired the hard-to-employ, economically disadvantaged, under-educated, handicapped, those from depressed regions, and minority groups to a much greater extent than did the regular labour market. In addition, wages paid were either pegged to minimum wages, or to prevailing rates capped by a ceiling. On the wage question most responses indicated that wage allowances were too low to attract skilled supervisory or complementary help, thus indicating that direct job creation programmes were exerting little pressure on wages in the regular labour market.

IV

SOME CONSIDERATIONS RELATING TO FUTURE POLICY DEVELOPMENT

This Chapter does not summarise the factual findings: that has already been done in the conclusions of Chapters I and II, and in the entirety of Chapter III. Rather this chapter looks at the findings and discusses how desirable programme features can be enhanced, and how undesirable features can be reduced in order to improve the employment generating efficiency of direct job creation programmes.

The programme design most suitable for counter-cyclical purposes is far less suitable for combating structural unemployment problems. Unfortunately, many of the programmes surveyed did try to accomplish counter-cyclical and structural objectives within the same programme design. It must at the outset be recognised that in practice it is not easy to make the distinction between counter-cyclical and structural unemployment. Nevertheless it is likely that separate programmes for each objective could increase the efficiency of direct job creation. Within a permanent structural programme, three ends could be pursued: (i) a transitional element that would provide for considerable training opportunities and aspire to provide disadvantaged workers with marketable skills that would in turn make them more competitive in the regular labour market; (ii) permanent employment could be given to those who have no real hope of ever entering the regular labour market; and (iii) continuing employment could be given to anyone who is unable to find regular employment as the current period of slow growth persists, i.e. as an alternative to long-term income maintenance. A second and counter-cyclical programme would simply provide a job and income support for those who have been regular members of the job market but are temporarily without work as the result of a cyclical downturn. This part of the total job creating effort would not be considered permanent and no major training efforts would be made.

The allocation of funds by region is done explicitly or implicitly according to regional unemployment rates. However, when allocation depends on numbers and types of proposals being submitted by local sponsors, it is not certain that allocation is always representative of the rates of local unemployment. This appears to be a problem mainly

where funding is less than 100 per cent of project costs. Consequently, a 100 per cent funding rule may improve the allocation process, especially for poorer regions that cannot afford to supplement state funds. Consideration could also be given to establishing 'triggers' both for allocating total funds to the job creation programme(s) and for the allocation of levels of funds within the programme among regions. These 'triggers' would best be set according to national and regional levels of unemployment (e.g. the United States now authorizes sufficient funds under Title VI to employ 20 per cent of the unemployed in excess of 4 per cent unemployment - 25 per cent in excess if the anticipated unemployment rate exceeds 7 per cent, but Congress must appropriate funds for this action). Another possibility might be to lay greater emphasis on directing provision to areas of greatest need or to promote marketing and information campaigns when the local response of sponsors is inadequate in relation to programmed provision of funds and the local unemployment rate.

Some programmes permit the charging of costs for services rendered or goods produced, but this is rare. In normal times, it is most likely desirable to keep projects from interfering with the private sector. But in chronically depressed regions and during periods of continuing high unemployment, it may be feasible to experiment with self-sustaining, or partially self-sustaining activities that can 'spin-off' from the job creation programme, thereby releasing job creation funds for other participants.

For programmes that purport to facilitate the transition of workers into the labour force, very little formal training is included in the programmes. This is perhaps an even greater shortcoming when the programmes are targeted on the hard-to-employ. As programmes strive to focus more and more on the hard-to-employ, more emphasis will have to be given to remedial education and basic training. To fulfil this goal, it may be necessary to relax the stringent wage restrictions and allow higher wages to be paid to skilled supervisory help (although, for example, in the United States programmes permanent staff of the prime sponsors may also provide supervisory help). Additionally, it may be necessary to allow more funds for purposes of overhead and equipment costs in cases where training is taking place. These changes are consistent with the opening suggestion that at least some part of a job creation programme becomes permanent, and some programmes have recently been modified along these lines (e.g. the Special Temporary Employment Programmes, STEP, in the United Kingdom). What is needed is a greater variety of projects, or job opportunities that can better match up workers' already acquired skills, plus their needs, with corresponding job opportunities.

The advantage of a project approach is that it can be very flexible, but the responses to date indicate that the matching of needs and opportunities is not generally done in a planned or consistent fashion. Or else

the matching has low priority compared to the major objective of simply getting people into jobs and off the unemployment rolls.

Direct job creation scores high on accurate targeting. The evidence suggests that the jobs do in fact go to those groups designated by the programmes, and jobs are created in depressed urban centres and rural areas where regular labour market opportunities are either chronically scarce or in a state of decline. It has been suggested that targeting on the structurally unemployed could likely be improved by employing more non-profit organisations in the programmes. This would result because non-profit organisations often are 'self-help' groups that consist of the former or present hard-to-employ, and through their more active and sympathetic 'outreach' facilities they both employ more of the designated target groups and often provide services that will improve employment chances in regular employment. In addition, non-profit organisations often provide services in areas where government services do not exist.

Although the post-programme, or transition success of programmes is hard to judge without comparisons being made with selected control groups, the evidence to date is mixed. But it should be stressed that counter-cyclical programmes should not be judged on their transition success and it is worth posing the question of what measures should be adopted to assess the effectiveness of such programmes - effective targeting, maximisation of input, minimum net costs, etc. A separate programme serving structural purposes as mentioned above would likely improve the transition process. Also, increased training opportunities; on-the-job counselling; better placement procedures and matching of skills, needs and job slots; and constant contact with job placement facilities would improve post-programme employment chances. Relaxation of wage and equipment cost restraints could also lead to the hiring of better supervisory personnel and training facilities. The length of projects, and the duration of individual participation within them should be variable to allow for more extended experience for the hard-to-employ. Finally, however, the efficacy of a counter-cyclical programme, as well as the transitional element of the structural programme, depends on a steady supply of regular labour market opportunities. In the present context, this assumption could be questioned and consequently the whole basis of transitional and counter-cyclical programmes should be re-evaluated.

While in only a few instances were data available on the value of output, there was little indication from the responses of 'leaf-raking' projects being undertaken. Nonetheless, there were complaints that where a rapid employment build-up had a high priority, the ability to plan and assess the nature and value of work performed was difficult. Consequently, it has been suggested that greater forward planning would increase the value of output as well as the performance of programmes in general, although it might entail the danger of increased displacement.

When the project approach is adopted, it is likely that those selection committees which are closest to the community level involved will be in a better position to judge the community value of projects than committees operating from a distance. The project approach has also been of value in experimenting with new ways of providing existing and new public services, especially by directly involving the 'clients' of the services in both the planning and delivery phases, and by developing 'outreach' facilities. Successful approaches can then be adopted by regular government service programmes leading to an increase in public sector productivity and output. Finally, job creation performed via a project approach provides high visibility to government efforts to expand employment by engaging the community itself in that effort.

Dependency of communities on services provided by projects, for a fixed duration, or on a start-stop basis is a recognised problem, especially in isolated rural areas. The dependency problem can often be reduced through a variety of means. On application for funding, authorities can insist that groups only undertake projects that will create no significant dependency, such as construction and environmental improvement projects, although even here these types of projects will likely require regular maintenance and hence continuing employment. Or they can request assurances from project sponsors that any services created will be continued after the project terminates due to alternative funding sources. This is one reason why established organisations have been given preference to newly created groups, since their access to alternative resources is usually more assured. Finally, the dependency problem could be greatly reduced if, as suggested above, a portion of job creation programmes were placed on a permanent basis. The provision of needed ongoing services could then be assigned to the permanent projects, and construction and environmental projects assigned to temporary projects.

Worker satisfaction with direct job creation has been uniformly high, and where dissatisfaction has been registered it usually centres on the need for better management, better equipment, and improved opportunities for training. Most of the suggestions already noted above in the training, transition and nature of projects section, would improve these three aspects of job creation programmes.

In the responses, wages have presented a major problem area, and especially as programmes continue over time. A too high wage level may lead to inflationary problems, as well as transitional problems if workers leaving job creation programmes are confronted by lower wages in regular labour market positions. On the other hand, low wages make it difficult to attract potential workers from other forms of public assistance and, especially as programmes continue, they create a low-paid and second-class tier of public employees. It would likely be possible to pay relatively low wages and suffer fewer of the

bad side effects if more training was performed on the job. In this way it would be perceived by workers and public alike that lower wages were being traded off for training opportunities as well as enhanced counselling and placement facilities. If some portion of direct job creation programme is made permanent, and individuals have either an extended or no time limit for participation in the programme, then wages will become a critical issue, as will the right to other fringe benefits; and it seems inevitable that the total wage cost would have to rise.

A problem closely related to wages is that of providing funding for overhead and equipment costs. It is natural, as a quick acting employment stimulus measure, that direct job creation should remain as labour intensive as possible. And it has been shown that direct job creation opportunities are created at about half the cost of regular labour market jobs in general. But putting a lot of people to work quickly and reducing the unemployment rolls is likely to conflict with the objective of a good transition, especially for the hard-to-employ, as well as for creating types of sustaining activities. The equipment needs of training and sustaining activities are not always in proportion to the wage bill, which is the general method now employed for granting capital funding when it is done at all. A potentially bad side effect of this rule is that sponsors may inflate their wage bill by hiring unneeded workers in order to secure the capital funds necessary to successfully fulfil the project's objectives. This in turn can create problems since the dissatisfaction of the unneeded workers can jeopardise the performance of other workers, as well as the success of the project.

It appears that displacement is not a serious problem, and even where displacement does occur, the resulting fiscal substitution also has positive employment effects. On the evidence available, displacement can be reduced by employing the project approach and funding newly emerging groups that have had no previously established positions and hence have none to displace. Displacement of private sector jobs has likely not been a problem because of the general prohibition on profit-making activities. Expansion of profit-making activities could lead to private sector job displacement unless they were targeted to depressed areas, or the types of activities funded were clearly not competitive with the activities of existing enterprises.

The evidence on start-up speed and employment build-up has been impressive. Suggestions for improvement have centred on more advance notice being given to sponsors, and more certainty being provided on allocation rules that together will allow for more forward planning of projects. On the other hand, in some instances, forward planning has deliberately been kept to a minimum because funding authorities are concerned that sponsors will be able to more easily substitute job creation funds for other uses and increase the displacement rate.

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